

11. The first state case that explicitly used the FCC's pricing principles, Pennsylvania, was sued by GTE.
12. The local industry trade association, USTA, announced a \$7 million campaign and began running newspaper ads attacking the FCC rules.
13. Access Charge Notice, p. 110.
14. Joint papers dealing with these issues include Expanding the Information Age for the 1990s: A Pragmatic Consumer View (1990); "Promoting Competition and Ensuring Consumer Protection on the Information Superhighway: Testimony of Dr. Mark N. Cooper on Behalf of the American Association of Retired Persons and the Consumer Federation of America on Proposed Revisions of Chapter 364," Florida House of Representatives, March 22, 1995. AARP papers include, David Gabel, The Impact of Premium Telephone Services on the Technical Design, Operation and Cost of Local Exchange Plant (State Legislation, American Association of Retired Persons, 1992) (hereafter The Impact) and David Gable, Current Issues in the Pricing of Voice Telephone Services, (American Association of Retired Persons, 1995) (hereafter, Current Issues), as well as interventions in individual states, such as Indiana and Ohio. CFA papers include ; Excess Profits and the Impact of Competition on the Baby Bells, Consumer Federation of America, September 1996 (hereafter, Excess Profits).
15. The states listed in Table 1 where rates for total basic service are identified are the most notable recent examples.
16. Access Charge Notice, p. 110.
17. To the extent that they can delay competition through legal and regulatory action, they can delay the pressures on their revenue streams.
18. Regulators might prevent LECs from raising prices for basic service, which is not subject to competition, or competition might prevent them from raising prices.
19. Two recent public utility commission proceedings underscore this observation, see "Fifteenth Supplemental Order: Commission Decision and Order Rejecting Tariff Revisions: Requiring Refiling," Washington Utilities and Transportation Commission v. U S West, Inc., April 10, 1996, p. 9; and "In Re: U S West Communications Inc.," State of Iowa, Department of Commerce, Utilities Board, Docket No. RPU-95-10, May 17, 1996, p. 26.
20. The 1996 Act, Section 254(k).
21. The initial Notice put out by the FCC cites only the first sentence of section 254(k), which deals with cross-subsidy. It fails to quote the second sentence which clearly goes beyond the issue of cross subsidy to the general matter of the allocation of common costs (In the Matter of Federal-State Joint Board on Universal Service, Notice of Proposed Rulemaking and Order Establishing Joint Board, FCC, CC Docket No. 96-45, March 8, 1996 at para. 23). The Conference Report filed along

with the 1996 Telecommunications Act makes a point of stating that in adopting Section 254(k) the House is accepting the Senate language (p. 143). The Senate report made it clear that a reasonable share of joint and common costs was the maximum that should be included in the rates for universal service, but that the public interest would permit that less be allocated to these services;

The Commission and the states are required to establish any necessary cost allocation rules, accounting safeguards, and other guidelines to ensure that universal service bears no more than a reasonable share (and may bear less than a reasonable share) of the joint and common costs of facilities used to provide both competitive and noncompetitive services (p. 129)

22. "Comments of the National Association of State Utility Consumer Advocates," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter NASUCA), p. 17); "Initial Comments of the Office of the Ohio Consumers' Utility Counsel," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter OCC), p. 3; OPUC, Texas, p. 4.

23. "Comments of the State of Maine Public Utility Commission, the State of Montana Public Service Commission, the State of Nebraska Public Service Commission, the State of New Hampshire Public Utilities Commission, the State of New Mexico State Corporation Commission, the State of Utah Public Service Commission, the State of Vermont Department of Public Service and Public Service Board, and the Public Service Commission of West Virginia" In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Maine, et al.), p. 18; "Comments of the Idaho Public Service Commission" In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Idaho), p. 17); "Comments of the Public Utility Commission of Texas" In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Texas), p. ii; "Initial Comments of the Pennsylvania Public Utility Commission to the Notice of Proposed Rulemaking and Order Establishing Joint Board" In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Pennsylvania), p. 7.; Florida, p. 22; "Initial Comments of the Virginia Corporation Commission," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Virginia), p. 5; "Comments of the Staff of the Indiana Utility Regulatory Commission" In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Indiana), p. 9.

24. See Local Competition Order, paragraph 678.

25. MCI, True Price Cap, before the Maryland Public Service Commission.

26. Comments Bell Atlantic," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter Bell Atlantic), p. 11-12 and "Comments of NYNEX," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996 (hereafter NYNEX), p. 3.
27. "Brief for Petitioners Regional Bell Operating Companies and GTE," in Iowa Utilities Board, pp. 69-73.
28. "Comments of SBC," Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC docket No. 96-98, p. 91 (emphasis added).
29. "Comments of Ameritech," Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC docket No. 96-98, p. 91 Ameritech clearly recognizes that its competitive entrants will have common costs (p.67).
30. "Comments of USTA," Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC docket No. 96-98.
31. 109 S. Ct. 609 (1989).
32. Benchmark Cost Model: A Joint Submission by MCI Communications Inc., NYNEX Corporation, Sprint Corporation, U S West, Inc., CC Docket No. 80-286, December 1, 1995.
33. David Gable, "Testimony of David Gable, Indiana Utility Regulatory Commission, In the Matter of a Petition of Indiana Bell Telephone and Telegraph Company, Incorporated, for the Commission to Decline to Exercise in Part Its Jurisdiction over Petitioner's Provision of Basic Local Exchange Service, to Utilize Alternative Regulatory Procedures for Petitioner's Provision of Basic Local Exchange Service and Carrier Access Service, and to Decline to Exercise in Whole Its Jurisdiction Over All Other Telecommunications Services and Equipment Pursuant to IC 8-1-2-6, Cause No. 39075; "Testimony of David Gable," State of Maine Public Utilities Commission, Re: Investigation Into Regulatory Alternatives for the New England Telephone Company No. 94-123 and Frederic A. Pease, Et. Al. V. New England Telephone Company Requesting Commission Investigation of the Level of Revenues Being Earned by NET and Determination of Whether Toll and Local Rates Should be Reduced, Docket No. 94-254, December 13, 1994, Exhibit 2. Current Issues, 1995), p. 17.
34. Hatfield and Associates, Hatfield Model: Version 2.2, Release 1, May 30, 1996, included as Appendix D to Reply Comments of AT&T
35. "Comments U S West Inc.," In the Matter of Federal-State Joint Board on Universal Service, Before the Federal Communications Commission, FCC 96-93, CC Docket No. 96-45, April 12, 1996, Schedule 3, presents a tabulation of loop costs according to company data.

36. "Direct Testimony of David Gabel on Behalf of the Office of Consumer Advocate," before the Commonwealth of Pennsylvania Public Utility Commission, The Bell Telephone Company of Pennsylvania Petition and Plan for Alternative Form of Regulation Under Chapter 30, December 1993, Exhibit 1.

37. No recent statement captures this better than the testimony of an Illinois Bell witness (John Palmer). The Illinois Commerce Commission had issued its price cap order on a Monday (Docket No. 92-488) and cross examination in the Illinois Commerce Commission's competition docket began on Tuesday. The Bell witness was explaining why the costs used in the competition proceeding looked different than the costs in the recently completed price cap proceeding. The company acknowledged that digital line carrier (DLC) was 30 percent cheaper than existing technologies for loops starting at 9000 feet.

Q. Does the loop and LTF [DEFINE THIS TERM] cost development here differ from that employed in Docket 92-0448?

A. The methodology used is the same. Because of changes in the forward looking technology, DLC has been applied to larger segments of the loop population and unique loop costs have been developed...

A. The factors that govern the economic choices have changed. The prices that Illinois Bell must pay for this technology, compared to copper alone, have declined since Docket 92-0448. Consequently, this technology will be employed in a greater range of cases in the future than they have been in the past.

Q. What effect does the inclusion of DLC technology have on loop costs?

A. The loop cost is reduced by 30%, compared to the use of copper facilities.

38. Excess Profits.

39. "Comments of the Consumer Federation of America," In the Matter of Allocation of Costs Associated with Local Exchange Carrier Provision of Video Programming Services, CC Docket No. 96-112. Similar conclusions are reached in "Testimony of Richard Gable," Appendix VII, State of Maine, Public Utilities Commission, Re: Investigation Into New England Telephone Company's cost of Service and Rate Design, Docket No. 92-130

40. "Testimony of Harold L. Rees, Public's Exhibit No. 3," p. 44, both in State of Indiana, Indiana Utility Regulatory Commission, In the Matter of a Petition of Indiana Bell Telephone and Telegraph Company, Incorporated, for the Commission to Decline to Exercise in Part its Jurisdiction over Petitioner's Provision of Basic Local Exchange Service, to Utilize Alternative Regulatory Procedures for Petitioner's Provision of Basic Local Exchange Service and Carrier Access Service, and to Decline to Exercise in Whole its Jurisdiction Over All Other Telecommunications Services and Equipment

Pursuant to IC 8-1-2-6, Cause No. 39075.

41. Lee Selwyn, Analysis of Incumbent LEC Embedded Investment (ETI, May 1996), Table 6; Kenneth C. Baseman and Harold V. Gieson, Depreciation Policy in the Telecommunications Industry: Implications for Cost Recovery by Local Exchange Carriers (MiCRA, December, 1995).

42. USTA, p. 6; SBC, p. 11.

43. USTA, P. 89.

44. Merrill Lynch, p. 3.

45. Merrill Lynch, p. 6. Smith Barney, offers the following observation (p. 2).

The surge in telephone company earnings continues to be notable in that it is coming from the basic telephone business. Telephone earning for the large telephone companies rose almost 10% in the second quarter. Cellular earnings were also strong, but for several companies the aggregate of cellular and telephone was partially offset by losses on new investments. Corporate EPS gains in many instances were above our trend line growth outlook of about 10% due to stronger-than-expected telephone performance, which at many companies benefited from accelerated cost-reduction...

We continue to emphasis the telephone stocks, which, after a run-up through early February, have since dropped about 10%. More important, they are selling well below market multiples, despite EPS growth potential over the next three to five years about double that forecast by Smith Barney for the overall market. Also, we continue to believe that the recently enacted telecommunications legislation will permit Bell entry into long-distance around mid-1997 and that the interconnection rules, which were recently announced by the Federal Communications Commission, are not onerous. At a minimum, benefits of mid-1997 long-distance entry should offset market share loss in intraLATA toll and, more likely, in our opinion, provide some increment to earnings in 1998.

No doubt we will continue to hear much about how AT&T (perhaps in collaboration with MCI) plans to attack the local telephone market. One should remember, however, they may have switches and brand, but they have few easily-activated paths to the customer and thus will either have to buy access and local capacity from alternate suppliers such as MFS or from the RBOCs at wholesale rates only 20-30% below retail, by our estimates. With regard to the latter (e.g. AT&T reselling RBOC capacity at only 20-30% discounts), it is critical to point out that if an RBOC loses, say 10% share, it translates into only 2 or 3 points of actual revenue share loss because the RBOC would recover 70-80% of retail in the wholesale rate paid by AT&T. Hence, our argument - of course, oversimplified to make the point - that competitive risk for the RBOCs is easy to overstate.

46. Merrill Lynch, p. 6.

47. J.P. Morgan, p. 1.

48. Bear Sterns, p. 4.

As in the just mentioned cases, GTE's prices are hardly compelling when compared with the discount plans of AT&T, MCI and Sprint. Nonetheless, GTE has picked up 250,000 customers since February...

Again, these rates are not special bargain. SNET All Distance is a seamless toll service product that combines discounted intrastate, interstate, and international calling. SNET also offers a regional calling plan without regard to state boundaries. In total billed telephone numbers were 525,000 at June 30, up from 434,000 at March 31 and 165,000 one year ago.

49. Merrill Lynch, p. 6.

**In contrast, when RBOCs gain share of the LD market, they will likely pay volume-based wholesale rates of 1.5-2 cents per minute (net of access) a steep 70-80% discount from current retail LD prices of 10 cents (net of 6-7 cents of access).** Obviously, this is likely to translate into significant pain for the largest long distance carriers given a highly fixed cost structure (excluding access and billing, which vary directly with volume).

JP Morgan (pp. 17-19) also echos Merrill Lynch on the favorable development of relative discounts in long distance wholesale services compared to local services.

**Wholesale rates from the IXCs look very favorable.** Most of the RBOCs and GTE have made their selections of their wholesale long distance providers, and early indications are that wholesale pricing has been extremely competitive. Perhaps the most telling story comes from Pacific Telesis, which has indicated that it is receiving wholesale rates on the order of \$0.01-0.02 per minute from Sprint. When one recalls that Sprint Sense's daytime rate is \$0.22, the margin potential is tremendous. The pricing also changes the economics of providing in-region long distance. Indeed, Pacific Telesis has indicated it is unlikely to upgrade its facilities to carry in region long distance over its own network, but is more likely to resell. This type of competitive pricing has led MCI to decrease its emphasis on capturing carrier business.

**Local Resale Rate Discounts are Not Particularly Deep Either.** Individual company resale agreements, as well as tentative rulings by state commissions, have produced resale rate discounts that seem to hover in about the 10% range for residential and 15% for business service. This is well below the 25% level that AT&T initially indicated as the minimum discount required for companies to be competitive.

The most interesting development, however, is in the resale discount for providing value added services, such as caller ID. IN a recent ruling in Colorado, US West was ordered to

resell its premium services at a 50% discount. These value-added services have rapidly become the icing on the companies' local phone cake, and make up a significant portion of local revenue growth. Should these discounts prevail, revenue growth may come under some added pressure. We will be watching the development of these discounts closely.

50. Bear Stearns, p. 5.

**As a Group, the LECs Have an Overwhelming Advantage in Facilities and Employment.** Within their respective regions, the Bell companies and GTE have ubiquitous wireless and wireline networks. By capitalizing on advances in technology, these networks can provide an endless scope of new services, which only adds to the leverage afforded by the LECs in-region economies of scope. In the long term, the large telephone holding companies are best situated to build and maintain networks, to market and provision services, and to provide service and support customers.

**LDCs Provide Variations of A Singular Service.** LECs are primarily marketing organizations that package and sell the feature functionality of limited network platforms. The LDCs have national and international breadth of coverage, but no depth of offerings. Consequently, the companies are vulnerable everywhere. The key competitor is not a single LEC, but all of the LECS, not to mention other LDCs around the sides. The LECs lack the coverage of an LDC, but coverage is only exploitable with a full service package.

51. Merrill Lynch (p. 3) summarizes this process as follows:

For the 7 RBOCs and GTE, first quarter 1996 was better than our forecast. We raised many of our 1996 estimates and growth rates, attributable to the emergence of operating leverage under new price cap regulatory plans. Second lines, vertical services and high incremental margins, overall increased usage, and intensified cost management are creating margin expansion which now can flow to the bottom line. Offering long distance to in region customers will be the ultimate vertical service -- though we do not expect initial FCC approval from an additional 1 1/2 - 2.

An added benefit is that most of the new, fast-growing features generate high incremental margins. This is because they are software-based and thus carry low capital costs and, beyond marketing and service, low operating costs as well. With sales of second lines and features growing 25-50% per year and penetration rates still as low as 10-20%, we believe much operating leverage remains and thus remain quite comfortable with our 5-year compound annual EPS growth forecast of 9-10% for the 8 company average (i.e., 7 RBOCs and GTE). Further, many vertical services have yet to be marketed - some haven't even been invented, and of course, long distance for in-region customers has not yet been approved by the FCC.

Bear Stearns (p. 5) echoes the Merrill Lynch observations

**As a Group the LECs Have an Overwhelming Advantage in Facilities and Employment.** Within their respective regions, the Bell companies and GTE have ubiquitous wireless and wireline networks. By capitalizing on advances in technology, these networks can provide an endless scope of new services, which only adds to the leverage afforded by the LECs' in-region economies of scale. In the long ter, the large telephone holding companies care best situated to build and maintain networks, to market and provision services, and to provide service and support customers.

**LECs Can Absorb the Capital Costs and Startup Expenses Needed to Enter New Markets.** The LECS already spend enormous sums to keep their existing infrastructure in good condition. Telcos can upgrade and modernize their networks largely within the same capital budget that is set aside for maintenance and rehabilitation. Despite spending today on various video, Internet, long distance and programming ventures, most LECs are producing EPS increases near 10%. In contrast, the LDCs are confronted with significant green field construction programs (e.g. Sprint spectrum, or MCI metro) that re necessary to counter the LECs' facilities advantage.

**Line Growth Stayed at Remarkably High Levels.** On a reported basis, the average major local exchange carrier reported 4.6% more connections this year than last, up from 4.5% in March and 3.8% in June 1995. A pickup in demand in California was particularly heartening, with the pace in additions accelerating to 4.7% from 3.9% in March and 2.9% one year ago. IN total, second/third line sales account for 50%=60% of the growth in the residential market. An estimated two-thirds of these connections are for data applications (PC and fax machines).

**Local Service Revenue Growth is Accelerating.** From 1994 to the present, the average Bell company has more than doubled the annual rate of increase in local revenue, from 3.5% to 7.6%. Expanding sales of new lines, a higher percentage of business subscribers, larger local calling areas, and more enhanced service sales explain the improvement.

J. P. Morgan (p. 3) reaches a similar conclusion.

**LOCAL EXCHANGE COMPANIES - MORE GOOD GROWTH:** We expect the Local Exchange Companies (LECs) to post an average earnings increase of 8.0-8.5%, down from the 11.0% level seen in the firs quarter, but generally in line with the companies' targeted growth rates. Strong demand for basic and value added telecommunications services continues to drive volume growth and revenues and productivity gains are expected to continue as well.

**DEMAND JUST KEEPS GROWING.. AND GROWING**



Line growth and minutes of use are at industry highs, as the rapid explosion of the Internet and the increasing numbers of telecommuters increase the demand for second and third lines. .. The expansion of "all you can eat" Internet access packages is also likely to spur an increase in minutes growth. Wireless demand remains strong and is likely to expand as PCS entrants raise awareness and force competitive pricing. Business demand continues to be robust as well, with data and international volumes particularly strong.

52. "Direct Testimony of Dr. Mark N. Cooper on Behalf of New York Citizens Utility Board, The Consumer Federation of America, the American Association of Retired Persons, Consumers Union and Citizens Action of New York," Petition of the New York Citizens Utility Boars, the Consumer Federation of America, the American Association of Retired Persons, Consumers Union, Mr. Mark Green, Ms. Catherine Abate, the Long Island Consumer Energy Project and the International Brotherhood of Electrical Workers I-6 Council (Collectively the "Consumer Coalition") for an Investigation of the Proposed Merger of NYNEX Corporation and Bell Atlantic Corporation, Case 96-C-0599, December 16, 1996.

53. Klugman, op cit

54. Meltzer, April 22, 1996, op. Cit.

55. Dean Whitter, Guy W. Woodlief, April 23, 1996.

56. Paine Webber, Richard Klugman, April 26, 1996.

57. Merrill Lynch (p. 2) sees it as follows:

The positive first quarter results derive from the long-dormant (and ignored) but newly-activated operating leverage of the local phone industry. Suppressed by various forms of rate of return (IE. earnings) regulation, this operating leverage is emerging as a result of 1995's dramatic progress toward price instead of ROR regulation...

This has unleashed incentives to seek more efficiencies and to aggressively sell more units such as second lines and "vertical" features such as voice mailboxes, caller identification services, etc. With prices instead of earnings regulated, unit growth and cost reductions can flow directly to the bottom line -- all while regulators and consumers are protected by guaranteed lower prices in accordance with annually-adjusted price cap formula. This phenomenon is real and clearly a win-win for politicians, consumers and for once investors.

Merrill Lynch sees this as a win-win situation for consumers and stockholder, under the assumption that basic service rates do not go up. That is not what the LECs have in mind. They are trying to raise basic service rates, at the same time that they keep the high profits from enhanced services. Moreover, even if rate rebalancing does not take place, most price caps will not actually produce rate reductions for ratepayers because the productivity offsets have not been set high

enough. Given the deployment of excess capacity and excessive functionalities in the network and the current recovery of those costs from basic service, combined with weak price cap regulation, LECs are guaranteed to win, the only question is how much ratepayers lose, and that depends on whether or not regulators allow rate rebalancing.

Smith Barney (pp. 4, 3) sees such strong earnings that management will be able to handle the costs of implementing the 96 Act without deviating from trend line projections of earnings per share growth.

**The robust telephone results reported for the first half of 1996 provide further evidence that this groups earnings growth potential is much stronger than has been the historical pattern.** As our previous comments indicate, this reflects a combination of factors but is primarily the result of the removal of regulatory-imposed earnings limits for many companies. Managements, in turn, are taking advantage of this removal by undertaking more aggressive marketing of high-margined, value-added services and sharp labor-force reductions. While current low double-digit earnings growth from telephone is probably unsustainable post 1997/98 due to a likely diminution of cost-reduction effort, we think that 6%-8% gains are reasonable trend line expectations. In addition, reinvestment of excess cash and contributions from some new areas such as International suggest that corporate EPS growth can be sustained at approximately a 10% rate for many companies. **However, EPS gains in 2H96 are likely to be below 1h96 rate for many companies to fall short of the 10% rate due to efforts by corporate management to target full year growth EPS growth at a 10% rate.** More specifically, we think revenue growth in 2H96 is likely to be in line with or even slightly higher than in 1H96 (the boost will come from the absence of access charge reductions in 2H96); however, costs are likely to expand at a much faster rate than in 1 H96 in order to dampen EPS. This spending will be targeted at costs associated with meeting the competitive checklist requirements of the Telecommunications Act of 1996 and preparing for long distance entry in 1997.

One likely offset to this near-term earnings surge is management actions to dampen reported EPS in 2H96. In general, we think managements are targeting EPS growth of about 10% and, when result significantly exceed that rate, as they did for many companies in 1H96, management's tend to increase their spending for software or marketing. This management of reported results may be particularly true in 2H96, when companies will need to start complying with competitive checklist requirements or to prepare for the onset of long-distance competition. Thus, although we believe that earnings growth in the 1996/97 period could significantly exceed or 10% target, we suspect that the actual reported EPS results will be close to that figure.

58. The fact that this return on equity was more than adequate to do the job of attracting capital and providing for a technologically dynamic and economically sound industry has been amply demonstrated in and CFA Comments... 1987, and Joint Comments..., 1990. See also, Michael Foley and Ann Thompson, Electric and Telephone Industry Stockholder Returns: 1972 - 1992 (National

Association of Regulatory Utility Commissioners, September 13, 1993).

59. "Comments of the Consumer Federation of America," Policies and Rules Concerning Dominant Carriers: The FCC's Price Cap Proposal, CC Docket No. 87-313, October 19, 1987.

60. A Consumer Road Map to the Information Superhighway (Consumer Federation of America, January 26, 1994.

61. Mark N. Cooper, Divestiture Plus Eight: The Record of Bell Company Abuses Since the Break-up of AT&T, December 1991.,

## DESCRIPTION OF COMMENTORS

The American Association of Retired Persons is a not-for-profit membership corporation of more than thirty-three million persons aged 50 or older. In representing the interests of its members, AARP seeks to: (a) enhance the quality of life for older persons; (b) promote independence, dignity and purpose for older persons; (c) advance the role and place of older persons in society; (d) sponsor research on physical, psychological, social, economic and other aspects of aging; and (e) represent the views of older persons on issues of importance to them.

Consumer Federal of America is the nation's largest consumer advocacy organization, composed of over 250 state and local groups with some 50 million members. Founded in 1968, CFA's mission is to represent consumer interests before the Congress, in the Courts and at Federal agencies.

CFA has been extremely active on telecommunications matters, having participated in virtually every federal regulatory and legislative proceeding dealing with regulatory structures since divestiture. It has provided support to its member local groups in states as diverse as Arkansas, California, Colorado, Maryland, Missouri, New York, Oklahoma, Vermont, and Texas, and has prepared extensive empirical analysis of the current status of the telecommunications network and industry.

Consumers Union of the United States, Inc., is a non-profit, educational, membership organization chartered in 1936 to provide information, education, and counsel about consumer goods and services and management of the family income. Consumer Union's income is derived solely from the sale of Consumer Reports magazine, its other publication and media products, and non-commercial grants.